CLAIMS

We claim:

1   1.   A computer-implemented or assisted method for implementing a constant volatility

2   index, the index having an associated risk, said computer-implemented or assisted method

3   comprising the steps of:

4   (1)   establishing a target level of risk at which to maintain said index;

5   (2)   monitoring said level of risk associated with said index; and

6   (3)   rebalancing said index by reallocating index components when the risk associated with

7   said index deviates from said target level of risk, thereby at least substantially maintaining a

8   specified risk level.

1   2.   The computer-implemented or assisted method of claim 1, further comprising

2   implementing a risk band to delimit a lower level of risk below said target level of risk and an

3   upper level of risk above said target level of risk of said index, and wherein said step of

4   rebalancing comprises rebalancing said index when the risk associated with said index rises

5   above said upper level of risk or drops below said lower level of risk, thereby at least

6   substantially maintaining the risk associated with said index between said lower and upper levels

7   of said risk band.

1   3.   The computer-implemented or assisted method of claim 1, wherein said level of risk is

2   measured using RiskMetric Group's RiskGrade measure.

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1   4.   The computer-implemented or assisted method of claim 1, wherein said level of risk is

2   measured using at least one of standard deviation, variance, average shortfall, VAR, or any other

3   similar or analogous measures.

1   5.   The computer-implemented or assisted method of claim 1, wherein said step of

2   rebalancing comprises reallocating assets from relatively high risk components of said index to

3   relatively low risk components of said index, if the risk associated with said index exceeds said

4   level of risk by a predetermined level.

1   6.   The computer-implemented or assisted method of claim 1, wherein said step of

2   rebalancing comprises reallocating assets from relatively low risk components of said index to

3   relatively high risk components of said index, if the risk associated with said index drops below

4   said level of risk by a predetermined level.

1   7.   The computer-implemented or assisted method of claim 1, wherein said index

2   components comprise at least one security and cash.

1   8.   The computer-implemented or assisted method of claim 7, wherein said cash is shifted to

2   said at least one security to increase risk.

1   9.   The computer-implemented or assisted method of claim 7, wherein said at least one

2   security is shifted to said cash to decrease risk.

1   10.   A system for implementing a constant volatility index, the index having an associated

2   risk, said system comprising:

3   an input device for accepting a target level of risk at which to maintain said index;

4   a device for monitoring said level of risk associated with said index; and

5   a processor for rebalancing said index by reallocating index components when the risk

6   associated with said index deviates from said target level of risk, thereby at least substantially

7   maintaining a specified risk level.

1   11.   The system of claim 10, wherein said processor implements a risk band to delimit a lower

2   level of risk below said target level of risk and an upper level of risk above said target level of

3   risk of said index, and wherein said processor rebalances said index when the risk associated

4   with said index rises above said upper level of risk or drops below said lower level of risk.

1   12.   The system of claim 10, wherein said level of risk is measured using at least one of

2   RiskMetric Group's RiskGrade measure, standard deviation, variance, average shortfall, VAR,

3   or any other similar or analogous measures.

1   13.   The system of claim 10, wherein said processor rebalances said index by reallocating

2   assets from relatively high risk components of said index to relatively low risk components of

3   said index when the risk associated with said index exceeds said level of risk by a predetermined

4   level.

1   14.   The system of claim 10, wherein said processor rebalances said index by reallocating

2   assets from relatively low risk components of said index to relatively high risk components of

3   said index when the risk associated with said index drops below said level of risk by a

4   predetermined level.

1   15.   The system of claim 10, wherein said index components comprise at least one security

2   and cash.

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1   16.   The system of claim 15, wherein said cash is shifted to said at least one security to

2   increase risk.

1   17.   The system of claim 15, wherein said at least one security is shifted to said cash to

2   decrease risk.

1   18.   A system for implementing a constant volatility index, the index having an associated

2   risk, said system comprising:

3   means for establishing a target level of risk at which to maintain said index;

4   means for monitoring said level of risk associated with said index; and

5   means for rebalancing said index by reallocating index components when the risk

6   associated with said index deviates from said target level of risk, thereby at least substantially

7   maintaining a specified risk level.

1   19.   The system of claim 18, further comprising means for implementing a risk band to

2   delimit a lower level of risk below said target level of risk and an upper level of risk above said

3   target level of risk of said index, and wherein said means for rebalancing comprises means for

4   rebalancing said index when the risk associated with said index rises above said upper level of

5   risk or drops below said lower level of risk.

1   20.   The system of claim 18, wherein said level of risk is measured using at least one of

2   RiskMetric Group's RiskGrade measure, standard deviation, variance, average shortfall, VAR,

3   or any other similar or analogous measures.

1   21.   The system of claim 18, wherein said means for rebalancing comprises means for

2   reallocating assets from relatively high risk components of said index to relatively low risk

3   components of said index when the risk associated with said index exceeds said level of risk by a

4   predetermined level.

1   22.   The system of claim 18, wherein said means for rebalancing comprises means for

2   reallocating assets from relatively low risk components of said index to relatively high risk

3   components of said index when the risk associated with said index drops below said level of risk

4   by a predetermined level.

1   23.   The system of claim 18, wherein said index components comprise at least one security

2   and cash.

1   24.   The system of claim 23, wherein said cash is shifted to said at least one security to

2   increase risk.

1   25.   The system of claim 23, wherein said at least one security is shifted to said cash to

2   decrease risk.

1   26.   A computer readable medium for implementing a constant volatility index, the index

2   having an associated risk, said computer readable medium comprising:

3   computer readable instructions for establishing a target level of risk at which to maintain

4   said index;

5   computer readable instructions for monitoring said level of risk associated with said

6   index; and

7   computer readable instructions for rebalancing said index by reallocating index

8   components when the risk associated with said index deviates from said target level of risk,

9   thereby at least substantially maintaining a specified risk level.

1   27.   The computer readable medium of claim 26, further comprising computer readable

2   instructions for implementing a risk band to delimit a lower level of risk below said target level

3   of risk and an upper level of risk above said target level of risk of said index, and wherein said

4   computer readable instructions for rebalancing comprises computer readable instructions for

5   rebalancing said index when the risk associated with said index rises above said upper level of

6   risk or drops below said lower level of risk.

1   28.   The computer readable medium of claim 26, wherein said level of risk is measured using

2   at least one of RiskMetric Group's RiskGrade measure, standard deviation, variance, average

3   shortfall, VAR, or any other similar or analogous measures.

1   29.   The computer readable medium of claim 26, wherein said computer readable instructions

2   for rebalancing comprises computer readable instructions for reallocating assets from relatively

3   high risk components of said index to relatively low risk components of said index when the risk

4   associated with said index exceeds said level of risk by a predetermined level.

1   30.   The computer readable medium of claim 26, wherein said computer readable instructions

2   for rebalancing comprises computer readable instructions for reallocating assets from relatively

3   low risk components of said index to relatively high risk components of said index when the risk

4   associated with said index drops below said level of risk by a predetermined level.

1   31.   The computer readable medium of claim 26, wherein said index components comprise at

2   least one security and cash.

1   32.   The computer readable medium of claim 31, wherein said cash is shifted to said at least

2   one security to increase risk.

1   33.   The computer readable medium of claim 31, wherein said at least one security is shifted

2   to said cash to decrease risk.

1   34.   A computer-implemented or assisted method for implementing a constant volatility

2   index, said computer-implemented or assisted method comprising the steps of:

3   (1)   identifying a target level of risk at which to maintain said index;

4   (2)   allocating components in said index in a manner such that a risk associated with said

5   index attains said target level of risk;

6   (3)   setting an acceptable range of risk associated with said target risk

7   (4)   monitoring said level of risk associated with said index; and

8   (5)   rebalancing said index by reallocating said components when the risk associated with

9   said index deviates from said acceptable range of risk, thereby at least substantially maintaining

10   a specified risk level.

1   35.   The computer-implemented or assisted method of claim 34, wherein said level of risk is

2   measured using at least one of RiskMetric Group's RiskGrade measure, standard deviation,

3   variance, average shortfall, VAR, or any other similar or analogous measures.

1   36.   The computer-implemented or assisted method of claim 34, wherein said step of

2   ebalancing comprises reallocating assets from relatively high risk components of said index to

3   relatively low risk components of said index, if the risk associated with said index exceeds said

4   level of risk by a predetermined level.

1   37.   The computer-implemented or assisted method of claim 34, wherein said step of

2   rebalancing comprises reallocating assets from relatively low risk components of said index to

3   relatively high risk components of said index, if the risk associated with said index drops below

4   said level of risk by a predetermined level.

1   38.   The computer-implemented or assisted method of claim 34, wherein said index

2   components comprise at least one security and cash.

1   39.   The computer-implemented or assisted method of claim 38, wherein said cash is shifted

2   to said at least one security to increase risk.

1   40.   The computer-implemented or assisted method of claim 38, wherein said at least one

2   security is shifted to said cash to decrease risk.